

**MINUTES OF THE MEETING OF THE  
UNIFORM COMMERCIAL CODE COMMITTEE  
OF THE STATE BAR OF CALIFORNIA**

March 11, 2003  
10:45 a.m. to 1:30 p.m.

The March 11, 2003 meeting of the Uniform Commercial Code Committee (the "Committee") was called to order at approximately 10:45 a.m. with Peter Szurley presiding.

**A. Administrative Matters.**

1. Appointment of Secretary. Andrew Hirsch was appointed as the secretary for the meeting.
2. Approval of January 3, 2003 Meeting Minutes. The minutes of the February 4, 2003 meeting were approved in the form disseminated prior to the meeting with minor spelling corrections.
3. Future Meeting Dates/Locations. Mr. Szurley requested that consideration of future meeting dates be deferred until the next meeting.

**B. Membership.**

Mr. Szurley reported briefly on the receipt of applications for Committee membership and encouraged Committee members to seek out additional qualified applicants. The Committee agreed that applications would be considered further at the April Committee meeting.

**C. State Bar Program.**

Peter Munoz reported briefly on the plans of the Committee members who will be on a panel for the State Bar Spring Meeting that will discuss the draft Report Regarding Legal Opinions in Personal Property Secured Transactions that is being prepared on behalf of the Committee.

**D. Revised Articles/Divisions 1, 3 and 4 Projects.**

Mr. Szurley reported on the status of the Committee reports on Revised Article 1 and on the Amendments to Articles 3 and 4.

1. Article 1 Report. The Article 1 report is in the process of being reviewed by the Executive Committee. In that vein, he noted that it has been referred to the Legislative Subcommittee of the Executive Committee. Finally, he mentioned that the exact timing of the introduction of the legislation is unclear.

2. Articles 3 and 4 Report. With respect to the report on Articles 3 and 4, Mr. Szurley reported that the Executive Committee has approved the report and that it was in the process of being forwarded to the Legislature. He noted that he believed that the proposed changes to Divisions 3 and 4 will be part of the same legislative package as the technical amendments to Division 9.

#### **E. Website Review and Development Project.**

Vasco Morais reported that he had received a few comments on the website and that he was working with the webmaster and expected that a revised website for the Committee would be posted shortly.

#### **F. Legislative Subcommittee**

Mr. Szurley noted that the Legislative subcommittee consisted of only two members and that it had a lot of work to do to present a report on the Legislative agenda prior to the Committee's April meeting. Andy Erskine and Peter Munoz volunteer to help with the project.

#### **G. Legal Opinion Task Force.**

Mr. Szurley reported that the draft legal opinion report had been circulated to Committee members and other interested parties. He noted that comments on the draft had been requested by April 3<sup>rd</sup> and encouraged committee members to give the subcommittee comments as soon as possible with a goal of making the report as useful as possible for practitioners. He emphasized the importance of the comment process and that it was critical for people to focus on the report sooner rather than later.

#### **H. Secretary of State Automation Project.**

Vasco Morais reported that the open letter to Kathleen Vasquez regarding Committee concerns with the automation project had been given to Ms. Vasquez and he reported on a meeting that took place among Ms. Vasquez and her staff, Mr. Morais and Stephan Eberle, representing the Committee, and a number of paralegals and documentation specialists who have extensive law firm and bank experience with the UCC filing system. He noted that the meeting went well and that the issues of concern to the Committee, namely wild-card searches and the ability to save versions of financing statements/amendments prior to filing, were duly noted by Ms. Vasquez and were likely going to be addressed in the near term.

At this point, Kathleen Vasquez and members of her staff joined the meeting and provided an update regarding progress on the automation project including a demonstration of a test version of the system. As a continuation of the presentation that she gave to the Committee

in October of 2002 that focused on the filing of initial financing statements, Ms. Vasquez focused on how the amendment/assignment/continuation/termination process would work under the new system. Unlike at the October, 2002 meeting, the amendment forms were shown on a "live" basis, with a technical aide inputting information and then showing the results. Ms. Vasquez indicated that the Committee had been the only "outside" party to provide input on the system to date, but that she expected additional input from other sources. Ms. Vasquez reported that she continues to expect that the UCC filing project will be complete and available for use by the public by the end of the year (December 31, 2003).

Several Committee members posed questions to Ms. Vasquez (and her colleagues) regarding, among other things, (i) the ability to attach collateral descriptions to financing statements as either Word or pdf files; (ii) the ability to search collateral descriptions (whether text, Word or pdf files), (iii) whether all searches should be certified by the Secretary of State (as the results from a non-certified search would be the same as those contained in a certified search), (iv) the ability to save drafts of financing statements/amendments prior to actually filing them and (v) the ability to conduct wild card searches for a nominal fee.

Prior to adjourning, Ms. Vasquez indicated that she would soon be having meetings with other interested parties (including the California Bankers Association and third party service providers) to receive their comments on the project. The Committee discussed with her the possibility of keeping a Committee member involved, as a liaison or otherwise, so as to facilitate communications from her office and to keep the Committee apprised of possibly divergent views. Ms. Vasquez indicated that she would be happy to work with a liaison and ensure that the flow of information to the Committee would not be delayed.

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The meeting was adjourned at 1:30 p.m.